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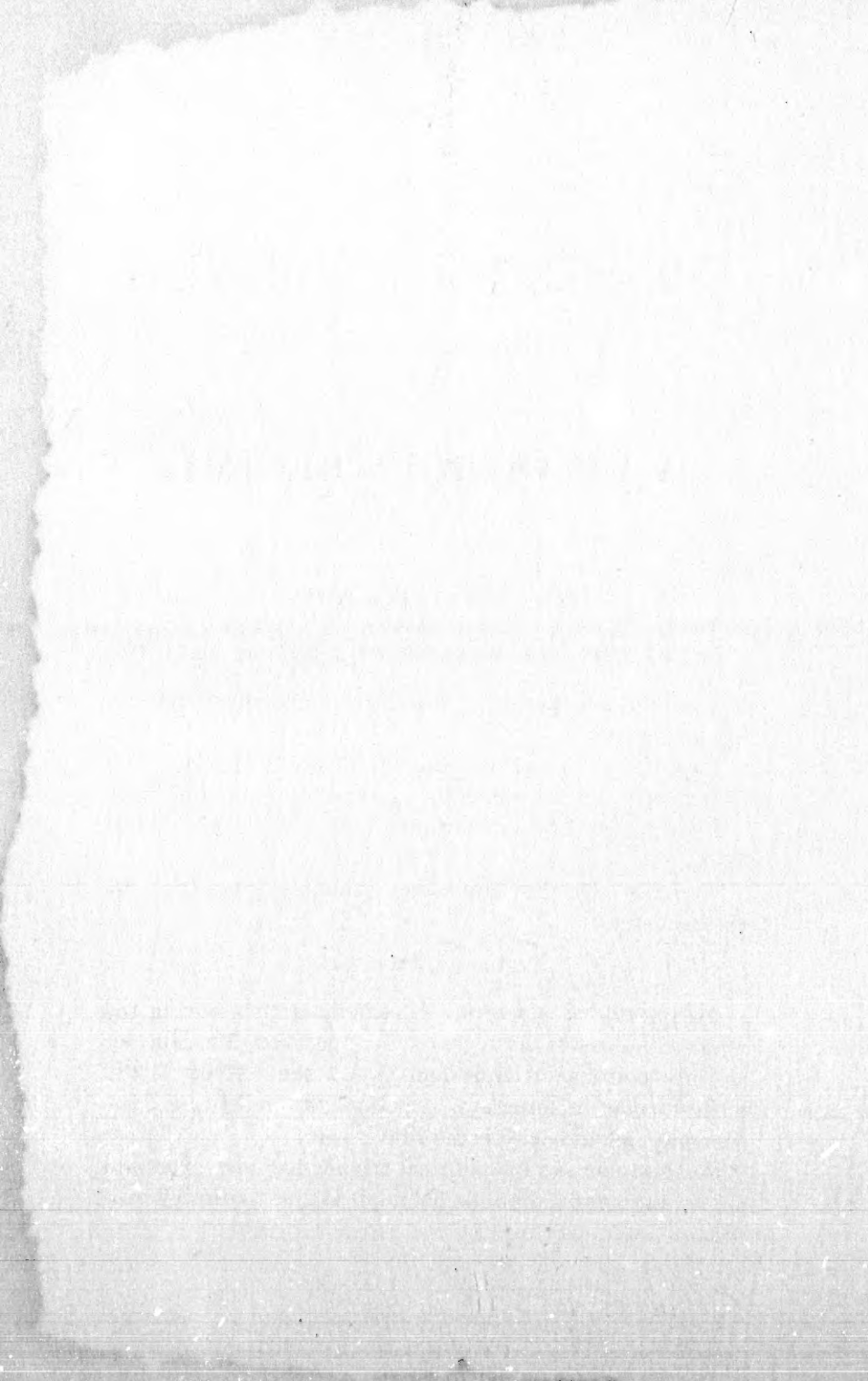
MERCIER GOVERNMENT

BEFORE THE ELECTORS.

A

DISASTROUS REGIME.

1890.



THE MERCIER GOVERNMENT

BEFORE THE ELECTORS

A DISASTROUS REGIME.

FINANCIAL POLICIES.

THE PROVINCE MENACED BY A DIRECT TAX.

The financial policy of the Mercier Government has been disastrous.

Firstly, by the extravagant increase of expenses.

Secondly, by the alarming increase of the public debt.

Thirdly, by the awkward negotiation of the \$3,500,000 loan.

Fourthly, by the numerous scandals committed by the ministry.

VIOLATED PROMISES.

All provincial electors will remember that during the whole time in which they were in opposition, Mr. Mercier and his political friends had bound themselves in the most formal manner to practice the most rigorous economy, should they come into power.

Mr. Mercier and his political friends had also promised not to augment the public debt, but rather to diminish it, because they had found it too heavy a burden.

Shortly after the last general elections, the 26th June, 1886, Mr. Mercier published his programme, which contained the two following articles, in accordance with the financial policy that he promised to put into practice :—

5° The immediate adoption of energetic and practical measures to ameliorate the financial situation of the province, and to prevent direct taxation.

6° Economy of the public revenues and the stoppage of immigration and administration expenses that are not actually indispensable to the public service; to increase so much more the colonisation grants; a reform in the system of ministerial accountability that has given rise to so many abuses.

These solemn promises, these engagements of the public honor, the Mercier Government have outrageously violated. It has repudiated his programme with a cynicism that has exasperated every honest man. Instead of diminishing public expenses, he has increased them in a really extraordinary manner. Instead of practicing economy, they have committed themselves to the most shameful waste. It has augmented the taxes, and has squandered the product of them with the most scandalous extravagance.

THE INCREASE OF EXPENSES.

In 1885-86, the last year for which it is responsible, the Ross Government had expended only \$3,032,607.25.

What did the Mercier Government do? Let us first see the increase in expenses admitted by Mr. Shehyn, the Provincial Treasurer.

At page 11 of the Public Accounts of the year ending 30th June, 1888, and at page 6 of his speech on the budget, at the sitting of 15th February, 1889, Mr. Shehyn admits that the Mercier Government had raised the ordinary expenses for the year 1887-88 to the sum of \$2,365,-032.36.

Let us compare this sum with that expended in 1885-86 by the Ross Government.

Expenses of the Mercier Government in 1887-88, admitted by Mr. Shehyn.....	\$3,365,032 36
Expenses of the Ross Government.....	3,032,607 25
Increase of the Mercier Government.....	\$322,425 11

The Mercier Government are then obliged to admit that during its first year of administration, for which only it is responsible, it had increased the expenses \$332-425. It has therefore violated its promises of economy from the time of its year of power.

The increase of expenses was in reality much more considerable than that admitted by the Government. To diminish the amount, Mr. Shehyn has adopted the dangerous plan of dividing the actual ordinary expenses into ordinary expenses chargeable to capital. A large portion of these pretended special expenses should be counted as ordinary expenses. The only expenses which the Conservatives carried to the account of capital in the Province are the subsidies to railroads, the cost of construction of public buildings and the court house at Quebec.

It is thus that for the year 1887-88, Mr. Shehyn has carried to the account of special expenses, the following, which are, in reality, but ordinary expenses chargeable to revenue.

McGill Normal School.....	\$ 2,500 00
Court house at Arthabaska	5,000 00
Court house at Montreal.....	21,422 83
Heating appliances, court houses, new districts ...	6,000 00
Circuit Court, Kamouraska.....	6,000 00
Iron bridges in the municipalities	25,000 00
Protestant Insane Asylum, Montreal.....	10,000 00
Codification of the laws.....	45,000 00
Exploration in Dorchester, Lévis and other coun- ties.....	10,000 00
Crown Lands Department.....	55,844 93
Augmentation.....	187,767 76

Mr. Shehyn has himself furnished the proof that he was wrong in subtracting the preceding sums from ordinary expenses, for in table B of expenses of the province since 1867, which he was annexed to the Public Accounts 1887-88, and of 1888-89, he has included in the ordinary expenses all the disbursements of the same category as the preceding one. In this manner, for example, in the table B, Mr. Shehyn has included in ordinary expenses \$28,032, expended in 1883-84 under the title, "Temporary Accommodation of the Legislature;" \$9,972.66 in 1880-81, and \$15,926.80 in 1881-82 for "Removal furniture, and installation in the new Parliament Buildings; in 1875-76, \$16,000.00 for the purchase of the property on which are built the Government Offices at Montreal; 1872-73, \$35,566.67 and \$15,000.00 in 1873-74 for the purchase of and, from the Fishing and Coal Company, Gaspé; in 1883-84, \$15,000 for the new Drill Hall, Quebec," etc., etc.

All these expenses are as much "special" as those enumerated above, and which Mr. Shehyn does not include in ordinary expenses, in order to diminish the amount of expenses for which the Mercier Government is responsible.

To exactly understand the figures of expenses of 1887-88, we must add the sum of \$187,767.00 to those expenses admitted by the Government. The following is the addition:—

Expenses admitted by the Mercier Government...	\$ 3,365,032 36
To add: Special expenses chargeable to revenue...	187,767 67
Actual expenses of 1887-88.....	\$ 3,552,800 12

This is the exact amount of expenses chargeable to revenue, incurred in 1887-88 by the Mercier Government.

Now let us compare it with the expenses of the Ross Government in 1885-86:—

Expenditure of the Mercier Government in 1885-86.....	\$ 3,552,800 12
Expenditure of the Ross Government in 1885-86..	3,032,607 25
Increase.....	\$ 520,192 87

The Mercier government is therefore responsible for having increased the expenditure \$520,192.00 in 1887-88, and this in flagrant violation of its promises of economy.

At the session of 1889, after having obtained by official documents undeniable proofs of the extravagance of the Mercier Government, the Opposition severely criticised, as it merited, the financial policy of the Ministry, and on 9th March, 1889, Mr. Desjardins, deputy from Montmorenci, proposed the following motion of non-confidence against the Mercier Government :

“That all the words after ‘that,’ to the end of the motion, should be erased, and that they should be replaced by the following :

“This House is prepared to vote the subsidies to Her Majesty for the demands of the public service in this province, but it regrets to state that, compared with the disbursements made during the term of 1885-86 for the branches of the public service, hereafter enumerated, the expenditure for the term 1887-88 by the present Government for the same purposes have been increased in an alarming manner for the future of the finances of the Province, as it appears by the following official figures extracted from the Public Accounts of 1885-86 and 1887-88.

Interest of the debt, redemption expenses of administration 1887-88.....	\$ 1,103,710 94
do do 1885-86..	977,760 32
Increase.....	125,950 62
Legislation 1887-88.....	228,994 88
do 1885-86.....	181,987 75
Increase.....	47,007 13
Civil government 1887-88.....	208,677 61
do do 1885-86.....	183,675 41
Increase.....	25,002 20

Administration of justice 1887-88.....	\$ 438,755 10
do do do 1885-86.....	363,746 48
Increase.....	75,008 62
Police 1887-88.....	19,090 00
do 1885-86.....	14,090 00
Increase.....	5,000 00
Inspection of public offices 1887-88.....	7,592 84
do do do 1885-86.....	6,337 33
Increase.....	1,255 51
Literary and scientific institutions 1887-88.....	11,739 78
do do do 1885-86.....	8,388 75
Increase.....	3,352 03
Works and public buildings 1887-88....\$145,096 91	
Works and public buildings entered as special expenses at page 13 of the public accounts of 1887-88....\$ 66,922 83	212,019 74
Works and public buildings 1885-86.....	82,584 40
Increase.....	129,435 34
Humane institutions 1887-88.....	280,316 00
do do 1885-86.....	267,776 00
Increase.....	12,540 00
Various expenses 1887-88.....	31,419 75
do do 1885-86.....	29,000 00
Increase.....	2,419 75
Royal commission on insane asylums.....	10,000 00
Crown Lands Department 1887-88.....	184,594 93
do do do 1885-86.....	130,000 00
Increase.....	54,594 93
Payments by revenue officers in making their collections 1887-88.....	41,666 05
do do 1885-86.....	26,531 79
Increase.....\$	15,134 26

"The House is of opinion that with a wise economy and a prudent financial policy, these augmentations in the expenditure of the province, above enumerated, for the service of 1887-88, compared with those of 1885-86,

for the same purposes, might have been avoided, and that the Government had not sufficient sources of revenue to defray them, without having recourse to extraordinary revenues, which they ought to have employed in the payments of subsidies to railroads and the extraordinary obligations of the province.

"That, for these augmentations in the public expenditure, contrary to the promises of an economical policy that they made to the electors of the province, the Ministry has deserved the censure of this House."

The following is the vote on this motion (pages 313, 314, 315 of the Journals of the Legislature Assembly, 1889):

YEAS.—Messrs. Baldwin, Beauchamp, Blanchette, Casgrain, Deschênes (Témiscouata), Desjardins, Duplessis, Faucher de St. Maurice, Flynn, Lapointe, LeBlanc, Martin (Bonaventure), MacIntosh, Owens, Picard, Spencer, Taillon, and Tourigny.

NAYS.—Messrs. Bernatchez, Bourbonnais, Cameron, Cardin, Champagne, Deehène (l'Islet), Degrosbois, Dumais, Forest, Gagnon, Lafontaine, Lemieux, Lussier, McShane, Martin (Rimouski), Mercier, Morin, Murphy, Pilon, Rinfret, Robidoux, Rocheleau, Rochon, Shehyn, Sylvestre, Tessier, Trudel, and Turcotte.

As we see, the members of the Opposition voted against the increases in the expenditure, and partisans of Mr. Mercier voted approving of the extravagances and squanderings of the Government.

THE DEFICIT OF 1887-88.

Mr. Shehyn had dared to pretend, in his speech on the Budget, session of 1889, that he had a surplus of \$373,196.00 in 1887-88. This is the way he took to obtain this result: He simply subtracted \$187,767.00 from the amount of the expenditure, under the pretext that these were special expenditures, and he added to the revenue \$500,000.00 of arrearages received from commercial corporations and from the province of Ontario.

In the name of the Opposition, Mr. Desjardins clearly showed that the calculations of the Treasurer were erroneous, and, putting the figures in their true places, he

proved that the results of the operations of 1887-88 were as follows :—

Receipts of 1887-88.....	\$ 3,738,228 39
Deduct for extraordinary receipts	
From the Province of Ontario.....	\$70,000 00
From Commercial Corporations....	430,00 00
	\$ 500,000 00
Actual ordinary revenue of 1887-88.....	\$ 3,238,228 39
Expenditure.....	\$3,365,032 36
Add the following special expenses	
that are in reality but ordinary	
expenses :	
McGill Normal School.....	\$2,500 00
Court house at Arthabaska.....	5,000 00
Court house at Montreal.....	21,422 83
Heating appliances, Court house	
new Districts.....	6,000 00
Circuit Court, Kamouraska.....	6,000 00
Iron Bridges in municipalities.....	25,000 00
Insane Asylum, Montreal.....	10,000 00
Codification of the laws.....	45,000 00
Exploration in Dorchester, Levis,	
and other counties.....	\$10,000 00
Crown Lands Department.....	55,844 93
Ordinary expenses of 1887-88.....	\$3,552,800 12
Actual ordinary revenue for 1887-	
1888	3,238,228 39
Deficit	\$314,571 73

The truth is that in 1887 there was a deficit of \$314,571.00. Any other equally bad administration would have merited the condemnation of the House. Further, at the sitting of the House, 1st March, 1889, Mr. Desjardins proposed the following motion of want of confidence (pages 262-263 Journals of the Legislative Assembly, 1889) :

“That all the words after ‘that,’ to the end of the motion, be erased, and that they be replaced by the following :

“This House is prepared to vote the subsidies to Her Majesty, for the wants of the public service in this Province, but desires to protest :

"1. Against the correctness of the official affirmation made in the Speech from the Throne, to the effect that the hope expressed on the subject of a considerable surplus for last year (1887-88) were realized, and that the ordinary expenditures were made with all possible economy.

"2. Against the assertion of the Treasurer to the effect that there is a surplus of the regular ordinary receipts of the year upon the ordinary expenses for the service 1887-88, when, in fact, there is a considerable deficit caused by the ordinary annual expenditures.

"3. Against the improvidence of the Government, which has not yet suggested any sufficient and efficacious means to put an end to deficits, to establish a true economic policy, and provide for the payment of the floating debt which, by the legislation of the session 1888, according to subsidies to railways, and by the increase of the ordinary expenditure under the present Ministry, was raised to more than four millions two hundred thousand dollars the first of January, 1889.

"4. Against the system inaugurated by the Ministry, to carry to capital account expenditures which are really ordinary disbursements of the public service of the Province, and which, for the service of 1887-88, amounts to \$187,767.76, because this system is of a character to lead the House and the public into error on the true state of the financial affairs of the Province, in permitting the Treasurer to show a surplus in the ordinary annual operations of the Treasury, when, in reality, there was a deficit, and because it is not a good policy, and would be dangerous to the public credit of the Province to borrow every year for most of the expenditure; inscribed in the budget under the titles of special expenditures, these expenses being payable out of the annual revenue.

"5. Against the disposition that has been made of the last loan of three and a half million dollars; this loan destined for the extinction of the obligations for the floating debt, according to the calculations of the Treasurer, and enumerated in the preamble to chapter 2, 50 Vict., having been for a considerable amount employed in the payment of subsidies to railways, authorized by chapter 91, 51-52 Vict. (1888), which still

leaves due on the floating debt a balance unpaid which, according to the Government, existed at the date 31st January, 1887, of more than one million and a half dollars."

The following is the vote on this motion :

YEAS.—Messrs. Beauchamp, Blanchet, Casgrain, Desjardins, Duplessis, Flynn, Martin (Bonaventure), Nantel, Owens, Picard, Spencer and Tourigny.

NAYS.—Messrs. Basinet, Bernatchez, Bisson, Bourbonnais, Cameron, Cardin, Dechêne (L'Islet), De Grosbois, Dumais, Forest, Gagnon, Gladu, Lafontaine, Laliberté, Lemieux, Legris, Lussier, McShane, Martin (Rimouski), Mercier, Morin, Murphy, Pelletier, Pilon, Rinfret, Robidoux, Rocheleau, Rochon, Shehyn, Sylvestre, Tessier, Trudel, and Turcotte.

The majority preferred to sustain the Government than to defend the public interest by their vote.

THE NEW PARLIAMENT BUILDINGS.

The Mercier Government disbursed extravagantly in all the branches of the public service the most easily controllable. It is thus that in 1887-88 they doubled the cost of maintaining the new public buildings at Quebec, by augmenting the expenses for this purpose from \$28,-112.60 to \$56,566.40.

The 9th March, 1889, Mr. Beauchamp, seconded by Mr. Lapointe, proposed the following amendment, censuring the Government for this increase in expenses (page 318, Journals of the Legislative Assembly, 1889):

"That all the words after 'that' to the end of the motion be erased and replaced by the following:

"This House is prepared to vote Her Majesty the subsidies required for the public service in this Province, but it regrets that during the session of 1887-88 the present Government expended the sum of \$56,566.40 for the new Parliament buildings, entered under this title in the chapter of public accounts of 1887-87, intituled, 'Rents, Assurances, Repairs, etc., of public buildings,' while the old Government expended but \$28,112.60 for the same purpose during the service of 1885-86.

"This House believes it to be its duty to censure the

Government for this increase in the expenses of the Province."

The following is the vote on this amendment:

YEAS.—Messrs. Baldwin, Beauchamp, Blanchet, Casgrain, Desjardins, Duplessis, Faucher de St. Maurice, Flynn, Lapointe, Leblanc, Martin (Bonaventure), MacIntosh, Picard, Poupore, Spencer, Taillon, Tourigny.

NAYS.—Messrs. Bernatchez, Bourbonnais, Cameron, Cardin, Dechêne (L'Islet), De Grosbois, Dumais, Duhamel, Gagnon, Goyette, Lemieux, Lussier, McShane, Martin (Rimouski), Mercier, Morin, Pilon, Rinfret, Robidoux, Rocheleau, Shehyn and Turcotte.

The partisans of the Ministry again voted against the public interests.

THE SESSION OF 1890.

THE INCREASE OF EXPENDITURE MORE AND MORE ALARMING.

It is especially during the last session that may be seen to what point the Mercier Government has forced the extravagance and increase of expenditure. This time Mr. Shehyn was obliged to admit, at page 13 of the Public Accounts for the year ending 30th June, 1889, that the Government had expended \$3,543,618.64. Let us compare this sum with the last year of the Ross Government:—

Expenditure of the Mercier Government in 1888-89 admitted by the Treasurer.....	\$3,543,618 64
Expenditure by the Ross Government in 1885-86..	3,032,607 25
Increase in 1888-89.....	\$511,011 39

By its own avowal, the Mercier Government is responsible for an increase in expenditure of \$511,011 during the year 1888-89.

But the amount of the expenditure in 1888-89 is, in reality, greater than that admitted by the Treasurer. Mr. Shehyn has again carried to capital account several

special expenditures which are really chargeable to revenue. The following are these expenditures (see page 13 of Public Accounts of 1889) :

Exploration in the County Dorchester and others..	\$10,000 00
Compensation and costs resulting from errors in surveying lands, County Rouville.....	10,500 00
Spencerwood, stables, sheds, etc.....	4,000 00
Circuit Court and Registry Office, Kamouraska....	4,000 00
Court House and Jail, new districts, heating apparatus	6,000 00
Court House and Jail, Bonaventure; wing for jailer and guardian.....	4,000 00
Court House and Jail, Arthabaska; new foundations.....	1,400 00
Court House, Montreal.....	50,000 00
Iron bridges in municipalities.....	50,000 00
Codification of the laws.....	26,324 40
Protestant Insane Asylum, Montreal.....	7,821 29
Committee for purchasing seed grain.....	50,000 00
Arbitration between Quebec and Ontario.....	1,673 72
Lockwood reclamation, <i>re</i> gold mines.....	10,000 00
Railway bridge at Quebec.....	1,277 06
Amounting to.....	<u>\$236,966 57</u>

This sum of \$236,996 must be added to the amount of expenditure admitted by Mr. Shehyn to know the actual amount of expenses made by the Mercier Government in 1888-89; the following shows this sum :

Expenditure admitted by Mr. Shehyn.....	\$3,543,618 64
Add the special expenses above enumerated....	<u>236,996 57</u>
Actual expenditure in 1888-89.....	\$3,780,615 21

Now let us compare these expenses with those of 1885-86 :

Expenditure of the Mercier Government 1888-89....	\$3,780,615
Expenditure of the Ross Government, 1885-86.....	<u>3,032,607</u>
Increase.....	\$748,008

In violation of its solemn promises, the Mercier Government then has increased the expenditure by *three-quarters of a million dollars*, in round num-

bers, in 1888-89, compared with that of the Ross Government in 1885-86.

It was to censure this extravagance of the Mercier Government that Mr. Leblanc, deputy from Laval, proposed the following motion of want of confidence, at the sitting of 7th February, 1890 (pages 229-230 of the Procès Verbal of the Legislative Assembly, 1890):

“That all the words after ‘that’ be erased and replaced by the following:

“This House is prepared to vote Her Majesty the subsidies required for the public service of the Province, but it believes it to be its duty to protest against the system inaugurated by the present Cabinet of carrying to capital account the expenditures that are really ordinary disbursements for the public service;

“That the ordinary expenditure thus carried to capital account for the service of 1888-89 amounts to the sum of \$236,996.57;

“That this system is of a nature to lead the House and the public into error on the actual state of affairs of the Province, in permitting the Government to calculate on a surplus in its ordinary annual operations, when in reality there was a deficit;

“This House regrets that during the period of 1888-89 the Government has increased the expenditure chargeable to revenue to the amount of \$3,780,615.21;

“That, compared with the expenditure incurred by the preceding government during the years 1884-85 and 1885-86, the expenditure of \$3,780,615.21 in 1888-89 resulted in the following augmentations:—

1888-89.....	\$ 3,780,615 21
1884-85.....	2,936,733 86
Increase.....	\$ 843,987 35
1888-89.....	\$ 3,780,615 21
1885-86.....	3,032,607 25
Increase.....	\$ 748,007 96

“That this enormous increase is not in keeping with

the financial resources of the Province, and is not justified by the actual demands of the Public Service."

The following is the vote:

In favor of Mr. Leblanc's amendment and against the increased expenditure :

Messrs. Baldwin, Beauchamp, Blanchet, Casgrain, Desjardins, Duplessis, England, Faucher de St. Maurice, Flynn, Lapointe, Leblanc, Martin, McIntosh, and Owens.

Against Mr. Leblanc's amendment and for the increased expenditure :

Messrs. Basinet, Bernatchez, Bisson, Cardin, Champagne, Déchène (of PIslet), Dostaler, Dumais, Gagnon, Gladu, Goyette, Lemieux, Legris, Lussier, McShane, Mercier, Morin, Murphy, Pelletier, Pilon, Rhodes, Rinfret, Robidoux, Rocheleau, Shehyn, Tessier (of Portneuf), Tessier (of Rimouski), and Turcotte.

The majority again once more refused to hear the voice of duty, and they voted approving of the extraordinary increase of expenditure by the Mercier Government.

The Opposition continued courageously to battle to prevent the Government squandering the people's money. At the sitting of 14th February, 1890, Mr. Nantel, the deputy from Terrebonne, proposed the following motion of want of confidence, (pages 282 and 283 of the Procès Verbal of the Legislative Assembly, session of 1890) :

"That all the words after 'That' be erased and replaced by the following: This House is prepared to vote Her Majesty the subsidies required for the public service, but it regrets that the expenditure for the year 1888-89, for the following various branches of the public service, compared with those of 1885-86, for the same purpose, have been increased in an alarming manner for the future of the Province, as appears from the following figures :—

Interest on the debt, redemption and costs of administration 1888-89.....\$	1,134,789 51
Interest on the debt, redemption and cost of administration 1885-86.....	977,760 32
Increase.....	157,029 19

Legislation 1888-89.....	231,812 90
Legislation 1885-86.....	181,984 42
Increase.....	49,828 44
Civil government 1888-89.....	236,987 39
Civil government 1888-86.....	183,514 50
Increase.....	53,472 89
Administration of justice 1888-89.....	448,744 32
Administration of justice 1885-86.....	363,746 48
Increase.....	84,997 84
Police 1888-89.....	18,861 07
Police 1885-86.....	14,090 00
Increase.....	4,771 07
Works and public buildings 1888-89.....	116,164 23
Works and public buildings 1885-86.....	82,584 40
Increase.....	33,579 83
Crown Lands Department 1888-89.....	201,200 00
Crown Lands Department 1885-86.....	130,000 00
Increase.....	71,200 00
Payments by officers of the revenue 1888-89.....	48,635 11
Payments by officers of the revenue 1885-86.....	26,531 79
Increase.....	22,103 32
Special expenditure chargeable to revenue 1888-89.....	236,996 57
Special expenditure chargeable to revenue 1885-86.....	20,030 40
Increase.....	216,966 17

The following is the vote:

YEAS.—Messrs. Baldwin, Beauchamp, Desjardins, Duplessis, England, Faucher de St. Maurice, Flynn, Lapointe, Leblanc, Martin, McIntosh, Nantel, Owens, Picard, Poupore, Spencer, and Tourigny—17.

NAYS.—Messrs. Basinet, Bernatchez, Bisson, Bourbonnais, Cameron, Cardin, Champagne, Déchène (de l'Islet), De Grosbois, Dostaler, Duhamel, Forest, Goyette, Lafontaine, Laliberté, Lemieux, Legris, Lussier, McShane, Mercier, Morin, Murphy, Pelletier, Pilon, Rhodes, Rinfret, Robidoux, Rocheleau, Shehyn, Tessier (Portneuf), Tessier (Rimouski), Trudel, and Turcotte—33.

For the year 1889-90, the Mercier Government caused its majority to vote expenditure imputable to revenue

to the amount of \$3,784,405. Even this sum will not be sufficient, and the Government will expend, at least, \$3,900,000 in 1889-90. That is to say, that they will increase expenditures by \$868,000.00 compared to those of the Ross Government in 1885-86.

THE EXPENDITURE OF 1890-91.

The Mercier Government by its partisans, voted for the year 1890-91, for the estimated expenditure in the budget an amount of.....	\$3,425,625
To this amount, must be added the pretended special expenditure chargeable to revenue which they voted amounting to..	283,976
Total.....	<u>\$3,709,621</u>

The sum of \$3,709,621 would not even be sufficient for defraying all the extravagances of the Government if Mr. Mercier remained in power the coming year. To judge from the expenditure of the Mercier Government since it has been in power, it is certain that the expenditure in 1890-91 will be at least \$3,950,000.

Let us compare this sum with that of 1885-86.

Expenditure of the Mercier Government 1890-91..	\$ 3,950 000
Expenditure of the Ross Government.....	<u>3,032,607</u>
Increase.....	\$ 917,393

The Mercier Government will then have increased the expenditure more than nine hundred thousand dollars. If the people would prevent this squandering they must vote against Mr. Mercier and his candidates.

Mr. Mercier and partisans refuse to diminish the expenditure.

At the last session, the Opposition made all possible efforts to put an end to the extravagances of the Govern-

ment. It offered several motions to reduce the expenditure, but Mr. Mercier and his partisans always refused.

The 20th February, 1890, the Government asked the House to vote a supplementary sum of \$50,832.20 for the general expenses of the Minister of Crown Lands.

The Honorable Mr. Flynn proposed as an amendment :

“That this House does not now concur in this resolution (general expenses, ministry of Crown Lands \$50,-382.20) :

“But that it be resolved that this House declares :

“1o. That the Government had caused to be voted for this same service the sum of \$86,000 for the year 1889-90, and that from the state of the receipts and disbursements to 31st December last, produced before this House, all this amount had already been expended ;

“2o. That the Government admits by the mouth of the Honorable Commissioner of Crown Lands, and by the statement that he communicated to the House, that a portion, namely : a sum of \$13,363.53 of the \$50,832.20 that the Government demand by the resolution in question, was already paid by means of the above mentioned credit of \$86,000 for the current year ;

“And that in consequence, this House sees with alarm this enormous increase in the expenses of the Crown Lands Department, under this head particularly, and protests against this irregular and unjustifiable proposition of the Government to vote a second time sums of money for items of expenditure which have already been provided for by means of a credit allowed.”

The following is the vote :

YEAS—Messrs. Baldwin, Casgrain, Desjardins, Duplessis, England, Faucher de St. Maurice, Flynn, Hall, Lapointe, Leblanc, Martin, MacIntosh, Nantel, Owens, Poupore, Spencer and Tournigny—17.

NAYS—Messrs. Basinet, Bisson, Boyer, Cameron, Cardin, Champagne, David, De Grosbois, Dostaler, Dumais, Duhamel, Forest, Gagnon, Gladu, Goyette, Lafontaine, Laliberté, Lemieux, Legris, Lussier, McShane, Mercier, Morin, Murphy, Pelletier, Pilon, Rinfret, Robidoux, Rocheleau, Shehyn, Tessier (of Portneuf), Tessier (of Rimouski) and Trudel—33.

(See page 311 of Procès-Verbal of Legislative Assembly, sitting of 20th February 1890.)

Electors ought to reject the members who voted against the amendment of Hon. Mr. Flynn.

Mr. Mercier and his partisans vote for the increase of the debts, of expenses and taxes.

The Opposition was fully determined to fight to the end against the extravagant policy of the Government.

After having proved in reply to the speech of Mr. Shehyn on the budget that the Government had increased the annual expenditure by more than *three quarters of a million dollars*, and of the debt by more than *five million dollars*, Mr. Desjardins, member for Montmorenci, proposed the following amendment to the motion for forming the House into Committee of Supplies, the 21st February, 1890:

“ That all the words after ‘That,’ be erased, and replaced by the following :

“ This House is prepared to vote Her Majesty the subsidies required for the public service, but it sees with inquietude the constant and extraordinary augmentation of the public debt and the expenditure of the Province ;

“ This House is of opinion, that the debt ought not to be further increased, but that the Government ought rather to direct themselves to its diminution ;

“ This House is also of opinion that, with the view of preventing the imposition of new taxes, and also of decreasing those which already exist, the public affairs should be administered with the greatest economy ;

“ That the expendidure can be much diminished without injury to the public service, and that the duty of the Government is to make this reduction ;

“ This House believes it to be its duty to express its opinion that in continuing the extravagant financial policy which they have inaugurated from their accession to power, the Government compromise the existence of our provincial institutions.”

The following is the vote :

YEAS—Messrs. Beauchamp, Casgrain, Desjardins, Duplessis, England, Faucher de St. Maurice, Flynn, Hall, Lapointe, Leblanc, Martin, MacIntosh, Owens, Picard, Poupore and Taillon—16.

NAYS—Messrs. Basinet, Bernatchez, Bisson, Cameron, Cardin, Champagne, De Grosbois, Dostaler, Dumais, Duhamel, Forest, Gagnon, Gladu, Goyette, Lafontaine, Lemieux, Legris, Lussier, McShane, Mercier, Morin, Murphy, Pelletier, Pilon, Rinfret, Robidoux, Rocheleau, Shehyn, Tessier (Portneuf), Tessier (Rimouski) and Trudel—31.

(See pages 322 and 323 of Procès-Verbal of Legislative Assembly, session 1890).

In voting for Mr. Desjardins' amendment, the members of the Opposition *voted against the increase of the debt, for the diminution of expenditure, against the increase of taxes and for the diminution of existing taxes.*

In voting against Mr. Desjardins' amendment, Mr. Mercier and his partisans *voted for the increase of the debt, against the increase of expenditure, for the increase of the taxes and against the diminution of existing taxes.*

Assuredly the electors of the Province cannot hesitate a single instant. Their duty is to vote for the candidates who approve of Mr. Desjardins' amendment, and against the candidate who approve of Mr. Mercier and his partisans, for having voted for the augmentation of the debts, the expenditure, and the taxes.

Mr. Mercier and his partisans vote against a proposition for diminishing the costs of administration of justice.

In 1885-86, the Ross Government expended but \$363,-746.48 for the administration of justice, and \$356,646.48 in 1884-85.

At the session of 1889, the Mercier Government demanded of the House to vote it \$375,000.00 for the administration of justice during the year 1889-90.

During the six months of the financial year, ending 31st December, 1889, it expended \$278,781.00, that is to say, nearly three-quarters of the sum voted for the whole year.

Further, at the last session, the Mercier Government demanded of the House to vote it a further sum of \$34,000.00 for the administration of justice. At the sitting of 25th February, 1890, Hon. Mr. Shehyn proposed that the House concur in this resolution.

Hon. Mr. Taillon proposed as amendment:

"That all the words after 'that' be erased, and be replaced by the following:

"This House does not now concur in this resolution, but,

"Seeing that the costs of the administration of justice were but \$363,746.48 for the year 1885-86, and were \$356,646.48 for the year 1884-85;

"Seeing that the House voted the sum of \$375,000.00 in the general budget of the year 1889-90, and seeing that if the Government practised a wise economy in this branch of the public service, this sum would be sufficient;

"This House does not believe it to be its duty to authorize this further expenditure of \$34,000.00."

Mr. Robidoux proposed an amendment to the amendment:

"That all the words after 'that,' in the amendment, be erased, and be replaced by the following:

"This House is satisfied by the explanations of the Receiver-General, and declares in voting for the said resolution:

"1. That the increase in the expenses of the administration of justice is caused by the general and inevitable increase of business, by the great number of important criminal cases which have lately taken place, and which have necessitated additional very long and very expensive terms;

"2. That, further, the amount of these expenses for the current year, comprising the credit demanded by the said resolution, will be \$412,000.00, embracing the

increase of salaries demanded by both parties, and lately done; while in 1876-77 they were \$404,725.00, and, in 1877-78, \$422,624.77;

"Moreover, the receipts of the Prothonotary's office of Montreal have considerably increased, and, according to Mr. Longpré's report, placed before the House to-day, the surplus of receipts over expenses of the said office were as follows, since 1885 :"

1885-86.....	Surplus.....	\$14,060.81
1886-87.....	"	7,624.84
1887-88.....	"	17,037.20
1888-89.....	"	26,506.50

The sub-amendment, having been put, was adopted on the following division :

AYES.—Messrs. Basinet, Bernatchez, Bisson, Bourbonnais, Boyer, Cameron, Cardin, David, Déchène (of L'Islet), De Grosbois, Dostaler, Dumais, Forest, Gagnon, Gladu, Goyette, Lafontaine, Laliberté, Legris, Lussier, McShane, Mercier, Morin, Murphy, Pelletier, Pilon, Robidoux, Rocheleau, Shehyn, Tessier (of Portneuf), Tessier (of Rimouski), Trudel and Turcotte—33.

NAYS.—Messrs. Baldwin, Beauchamp, Blanchet, Casgrain, England, Flynn, Hall, Lapointe, Leblanc, Martin, McIntosh, Nantel, Owens, Picard, Spencer, Taillon and Tourigny—17.

(See page 343 Procès Verbal of Legislative Assembly, session 1890.)

It may be said of the sub-amendment of Mr. Robidoux "*qui s'excuse s'accuse.*" The Government wished to make excuses for its squanderings by futile prettexts.

The Receiver-General gave no satisfactory explanation of the increased expenditure. This increase had by no means been caused by the general and inevitable augmentation of business.

The figures named in the second paragraph of the sub-amendment of Mr. Robidoux prove that the Ross Government had successfully worked to diminish the expenses of the administration of justice, since it had succeeded in reducing them to \$356,646.48 in 1884-85.

Contrary from what might be supposed by the third paragraph of the sub-amendment of Mr. Robidoux, the

total revenue of the administration of justice, far from increasing, diminished, since it fell from \$252,204.23 in 1887-88 to \$214,626.63 in 1888-89, thus showing a decrease of \$37,577.60.

In voting for the sub-amendment of Mr. Robidoux and against the amendment of Hon. Mr. Taillon, Mr. Mercier and his partisans voted against the diminution of the expenses of the administration of justice. Mr. Taillon proposed the saving of \$34,000. Mr. Mercier and his partisans voted against this saving.

Mr. Mercier and his partizans vote against a saving of \$54,752.00.

The Mercier Government demanded of the House at the last session to vote it \$239,742 for the expenses of the civil government of the province for the year 1890-91. In 1884-85, the Ross Government expended only \$187,104.52 for the civil government and \$183,514.50 in 1885-86. The Opposition would not vote the extravagant sum demanded by the Mercier Government for the civil government for the years 1890-91. It was Mr. Leblanc, the member for Laval, who made the following proposition in the name of the Opposition :

“ Mr. Leblanc proposes, as an amendment, that all the words after ‘That’ be erased and replaced by the following:—This resolution be not now read a second time; but, seeing that the cost of the civil government were only \$187,104.52 for the year 1884-85 and \$183,514.50 for the year 1885-86, and seeing that these sums are sufficient for the requirements of the public service; this House is of the opinion that the expenses of the civil government for the year 1890-91 ought to be reduced from \$239,742 to \$185,000, a diminution of \$54,000.”

Mr. Pilon, proposed as a sub-amendment, that all the words after “That” on the said amendment, be erased, and replaced by the following:—

"This House cannot blame this augmentation of the expenses of the civil service, seeing that it is in great part due to the creation of a special ministry of agriculture and colonization, and the considerable growth of business that has arisen in all the departments since 1887."

This sub-amendment having been put to vote was adopted on the following division :—

YEAS — Messrs. Basinet, Bernatchez, Bisson, Bourbonnais, Boyer, Cameron, Cardin, David, Déchène (Pislet), DeGrosbois, Dostaler, Dumais, Duhamel, Forest, Gagnon, Gladu, Goyette, Laliberté, Lemieux, Legris, Lussier, Mercier, Morin, Murphy, Pelletier, Pilon, Rinfret, Robidoux, Rocheleau, Shehyn, Tessier (Portneuf) and Trudel—32.

NAYS—Messrs. Baldwin, Beauchamp, Casgrain, Desjardins, Duplessis, England, Flynn, Lapointe, Leblanc, Martin, McIntosh, Nantel, Picard, Poupore, Taillon and Tourigny—17.

(See page 534 of procès-verbals of Legislative Assembly, session of 1889.)

In voting for the sub-amendment of Mr. Pilon and against the amendment of Mr. Leblanc, Mr. Mercier and his partisans therefore voted against a saving of \$54,742.

The sub-amendment of Mr. Pilon had been moved only as an excuse for the squanderings of the Government. The increase of expenditure were not due in a great measure to the creation of a special ministry of agriculture and colonization, for the very good reason that there was always a minister of agriculture and colonization in the province of Quebec since Confederation in 1867. The only difference that now exists, is that that ministry is separated from that of public works, and that in consequence the province is unnecessarily obliged to pay the salaries of several new employees. No sensible man will believe that the business of the public departments has so much increased since 1887, that the Mercier Government were obliged to increase the expenses of the civil government by \$54,742. The Government has engaged a host of useless employees, and has

raised many salaries. This explains the augmentation of the expenses.

The Opposition propose a further saving of \$36,603, but Mr. Mercier and his partisans oppose it.

Always extravagant, the Mercier Government, asked the House to vote it \$411,603.73 for the expenses of the administration of justice for the year 1890-91. To this proposition Mr. Beauchamp, member for the county of Two Mountains, moved the following amendment :—

“That all the words after ‘That’ be erased and the following substituted: The House does not now concur in this resolution; but, seeing that the costs of the administration of justice were but \$363,746.48 for the year 1885-86 and \$356,646.48 for the year 1884-85;

“This House is of the opinion that in practising economy, the Government can provide for the administration of justice with a less sum than \$411,603.73 inserted in the budget, and that the expenses of this branch of public service for the year 1890-91, ought to be reduced to \$375,000; a diminution of \$36,603.73.”

Hon. Mr. Gagnon proposed as sub-amendment:

“That all the words after ‘That’ in the said amendment be erased and the following substituted:

“This credit is scarcely more than the expenses, for the same object, during the undermentioned years.

“These expenses were as follows:

1875-76.....	\$399,754 76
1876-77.....	404,728 01
1877-78.....	422,624 77
1878-79.....	399,790 00

“And the two parties having asked and recommended the augmentation of certain salaries of judges of session and of other functionaries belonging to this branch of services; this House considers the credit demanded as reasonable.”

This sub-amendment having been put to vote, was adopted on the following division:

AYES.—Messrs. Basinet, Bernatchez, Bisson, Bourbonnais, Boyer, Bameron, Cardin, Champagne, David, Déchène (l'Islet), De Grosbois, Dostaler, Dumais, Forest, Gagnon, Gladu, Goyette, Laliberté, Legris, Lemieux, Lussier, Mercier, Morin, Murphy, Pelletier, Pilon, Rinfret, Robidoux, Rocheleau, Shehyn, Tessier (de Portneuf), Trudel and Turcotte.—33.

NAYS.—Messrs. Baldwin, Beauchamp, Blanchet, Casgrain, Desjardins, Duplessis, England, Flynn, Lapointe, Leblanc, Martin, McIntosh, Nantel, Picard, Spencer, Taillon, and Tourigny.—17.

(See page 535 of procès-verbals of Legislative Assembly, session 1890).

In voting for the sub-amendment of Mr. Gagnon and against Mr. Beauchamp's amendment, Mr. Mercier and his partisans have, therefore, voted against an economy of \$36,603.70.

The sub-amendment of Mr. Gagnon was not advisable and should have been rejected, because comparison should have been made, as in Mr. Beauchamp's amendment, with the expenses of the years 1884-85 and 1885-86.

By his sub-amendment, Mr. Gagnon has unfairly sought to excuse the augmentation of these expenses in saying that the two parties had demanded the increase of certain salaries. It is a bad excuse, because the Mercier Government knew that the Ross Government had decided to provide for the increase of those few salaries by economies that they had determined to make elsewhere, by which the total expenses would not have been augmented.

Two other economies, one of \$15,000.00 and another of \$26,000.00 refused by the Mercier Government.

In his speech on the budget, at the sitting of 12th April, 1887, Mr. Shehyn had stated that it was not necessary to expend much money in making new surveys. The following are his words, which are found at page 466 of Debates of the Legislative Assembly, of 1887 :

"The necessity of new surveys, for example, appear to me more than problematical. On 30th of June, 1886, we had at our disposition 6,968,009 acres of crown lands, surveyed and sub-divided into farm lots. In supposing an average of 100 acres per family, this forms enough farms to establish 69,680 families, or a population of at least 348,400 persons. However rapid we may believe the progress of colonization, we must admit that it would require at least 10 years to establish all these people and to occupy the 6,908,009 acres of surveyed lands which we have now at our disposal. Why should we therefore go to so much expense for new surveys? I do not see the necessity of it. Besides, we have allowed for this service a sum of \$30,000.00, which is more than enough for actual and immediate requirements."

The Mercier Government, which said in 1887, by the mouth of its Treasurer, Mr. Shehyn, that the sum of \$30,000.00 was more than sufficient for the new surveys, expended nevertheless \$50,000.00 in 1888-89 and \$45,000.00 in 1888-89 for surveys for the most part useless.

The Government asked the House to vote \$45,000.00 for new surveys in 1890-91. The Opposition would not approve of this expense, and at the sitting of 1st April, 1890, Mr. Picard, member for Richmond and Wolfe, proposed the following amendment:

"That all the words after 'that' be erased and the following substituted:

"This House is of the opinion that the expenses of surveying the crown lands for the year 1890-91 ought to be reduced from \$45,000.00 to \$30,000.00; a diminution of \$15,000.00."

The following is the vote:—

AYES.—Messrs. Beauchamp, Casgrain, Desjardins, Duplessis, England, Faucher de St. Maurice, Flynn, Lapointe, Leblanc, Nantel, Picard, and Taillon—12.

NAYS.—Messrs. Basinet, Bernatchez, Bourbonnais, Cardin,

Champagne, Déchène (of l'Islet), De Grosbois, Dostaler, Dumais, Duhamel, Forest, Gladu, Goyette, Legris, Mercier, Morin, Murphy, Pelletier, Pilon, Rinfret, Robidoux, Rocheleau, Shehyn, and Tessier (of Portneuf)—24.

(See pages 673 and 674 of procès-verbals of Legislative Assembly, session of 1890.)

In voting against Mr. Picard's amendment, Mr. Mercier and his partisans therefore voted against an economy of \$15,000.00.

Mr. Taillon and his friends voted in favor of this economy of \$15,000.00.

At the same sitting, Mr. Lapointe, member for Vaudreuil proposed the following amendment:

"That all the words after 'that' be erased and the following substituted:

"This House is of opinion that the general expenses of the Crown Lands Department for the year 1890-91 ought to be reduced from \$86,000.00 to \$60,000.00, a diminution of \$26,000.00."

The amendment of Mr. Lapointe was rejected by the same vote given on the preceding amendment of Mr. Picard.

(See page 674 of the procès-verbals of the Legislative Assembly, session of 1890.)

Mr. Lapointe then proposed to diminish by \$26,000.00 the general expenses of the Crown Lands Department.

Mr. Taillon and his friends voted for this economy of \$26,000, but Mr. Mercier and his partisans voted against it.

An Alarming Comparison.

The following comparison is very alarming, and fully displays the extravagance of the Mercier Government:

During the four years from the first of July, 1882, to 30th June, 1886, the Conservative Governments had expended the following sum (see table E of the Public Accounts of 1889):

1882-83.....	\$3,096,943 27
1883-84.....	3,124,619 94
1884-85.....	2,936,733 86
1885-86.....	3,032,607 25

Amounting to, in four years.....\$12,190,904 32

It may now be seen what would be the expenditure of the Mercier Government during the four years from the 1st July, 1887, to 30th June, 1891, if, unfortunately for the Province, it should remain such a length of time in power:

1887-88.....	\$3,552,820 12
1888-89.....	3,780,615 21
1889-90 (at least).....	3,900,000 00
1890-91 (at least).....	3,950,000 00

Amount.....\$15,183,415 33

Let us now compare the four years of the Mercier Government with the four years of the preceding Governments:

Expenses of Mercier Government.....	\$15,183,415 00
Do. of preceding Governments.....	12,190,904 00
	\$2,993,511 00

The Mercier Government will thus be responsible for an increase of expenditure of **three millions of dollars**, in round figures, in the brief space of four years!

INCREASE OF THE DEBT.

Mr. Mercier and his political friends had promised not to increase the debt of the Province, and to exert themselves to diminish it. They have violated this promise.

On the coming into power of the Mercier Government Mr. Shehyn, the Treasurer, had calculated that the debt of the Province had reached the amount of \$22,143,447.65.

(See page 500 of Debates of the Legislative Assembly of 1887.)

In his Budget speech on Feb. 21, 1890, Mr. Shehyn was obliged to declare that on June 30, 1889, the liabilities, that is, the debt of the Province, was \$27,175,808.

(See page 18 of Mr. Shehyn's speech in 1890.)

Let us compare the amount of the debt with that at the conclusion of the Ross Government:

Provincial debt June 30, 1889.....	\$27,157,808	21
Provincial debt Jan. 31, 1887.....	22,143,447	56
Increase.....	\$5,014,360	65

Thus in less than two years and a half the Mercier Government has, by its own acknowledgment, increased the debt of the Province by more than **five millions of dollars**.

The situation to-day is still worse. With the new obligations contracted by the Mercier Government during last session the total debt of the Province exceeded \$28,000,000 on May 1st, 1890. So that the Mercier Government has actually increased the debt by nearly **six millions of dollars** since it has come into power, that is to say, since a little over three years ago.

It is proved by the condition of the assets and liabilities of the Province, as published at pages 18 and 19 of his Budget Speech, Feb. 21, 1890, that Mr. Shehyn admits that on June 30, 1889, the net debt, that is, the excess of liabilities over assets, was \$14,343,847.71. At page 428 of the Debates of the Legislative Assembly of 1887, Mr. Shehyn said that on Jan. 31, 1887, the net debt was \$11,389,167.11.

Let us thus compare and summarize:

Net debt June 30, 1889 (as stated by Mr. Shehyn).....	\$14,343,847	71
Net debt Jan. 31, 1887 (as stated by Mr. Shehyn).....	11,339,167	11

Increase admitted by Mr. Shehyn..... \$2,954,680 60
Mr. Shehyn is thus obliged to admit an increase in the

net debt of nearly *three millions of dollars* in less than two years and a half. But Mr. Shehyn has not counted all the obligations of the Province. To the net debt calculated by Mr. Shehyn there should be added the \$460,000 voted for settlement of the Jesuit question; the expenses chargeable to capital, amounting to \$960,000, which the Government had voted for the two years 1889-90 and 1890-91; the new subsidies voted to railroads at last session, \$80,000; the deficit of \$466,000 in the first six months of the current year 1890-91, which brings the increased indebtedness up to **five millions of dollars** in round figures.

The Floating Debt.

The floating debt is larger than ever.

On Dec. 31st, 1889, it appeared from a statement submitted to the House, that the amount due for deposits was	\$2,272,311
There was also due for railroad subsidies.....	2,421,341
For portion of Protestant minority in Jesuit matter..	60,000
Further, the Government had voted for expenses chargeable to capital: balance for 1889-90.....	186,503
For 1890-91.....	912,183
And further new subsidies to railroad companies.....	80,000
	\$5,932,338

To meet this floating debt of very nearly

Six Millions of Dollars.

the Mercier Government had only, on Dec. 31st, 1889, \$676,955, deduction being made of \$42,225.75 of cheques unpaid to this date. The situation is frightful.

The borrowed \$3,500,000.

After all that Mr. Mercier had said against borrowing, the House and the Province were much surprised to hear

him, on the first session after his coming into power, demand authority to borrow the enormous sum of \$3,500,000.

Here are the terms in which he announces the proposed loan, in the speech from the throne, on March 16, 1887:—

“My Government has not had time to mature any suitable project for providing the resources necessary for the present emergency, and there remains no other alternative but to suggest your making a new loan sufficient to pay all that may be legitimately due.”

Three years and a half have since passed away, and what have the Mercier Government done to regulate the financial question? Far from regulating it, they have rendered it so difficult that the Province is menaced with a disaster. They have increased taxation, by collecting duties from commercial corporations, by raising licenses 25 per cent.—more than ten dollars on each license—by increasing the landed revenue from timber limits, and the right of cutting timber to \$150,000 per annum. The results of the policy of the Mercier Government have been—the increase of the debt by several millions of dollars, an alarming increase of expenses, and the recurrence of deficits, to which the preceding Government had made an end, and the emptying of the treasury by the most scandalous extravagance.

Mr. Mercier pretended that if his Government borrowed, it was to pay the obligations of the floating debt incurred by the preceding Government.

Mr. Mercier stated that he had no other alternative than to borrow, because his Government had not had time to mature any plan suitable for creating the resources necessary for the then present emergency.

In contradiction to these last statements of Mr. Mercier, it is easy to prove:—

First, that the obligations of the floating debt, on his coming into power, did not oblige him to make without delay a loan of \$3,500,000 ;

Secondly, that Mr. Mercier had, if he so wished, another alternative than that of incurring this loan.

The following are the figures of this floating debt at the date of January 31st, 1887, as Mr. Mercier pretended to establish it in the preamble of the same law authorizing the loan :

For temporary loans and trust funds.....	\$729,227 67
Drafts unpaid.....	16,196 78
Balance of subsidies granted to certain R. R. companies before the year 1886..	579,732 25
The payment of the first 35 per cent. of subsidies in cash.....	\$1,084,328 50
And also for paying the first 35 per cent of the same subsidies, converted into cash.....	\$464,100 00
	\$1,548,428 50

The whole in virtue of the Statute 49-50 Victoria, chap. 77, (1886).

For payment for work to be finished on the Legislative Buildings and Court House at Quebec, on which the sum of \$160,000 was already due..	\$ 437,937 06
For balance due on purchase of lands and other authorized debts, in connection with Q. M. O. & O. R.....	64,070 00
To re-establish to the sinking-fund the amount lost on deposit at Exchange Bank.....	27,000 00
To supplement the current insufficient ordinary revenues of law courts (1886-87).....	370,842 06
Considering that the total of these several sums amounted on January 31, 1887, to three millions, seven hundred and sixty-three thousand four hundred and thirty-four dollars and thirty-two cents.....	3,763,434 32

Considering that, in addition to this sum, the following are required for the wants of the public service, besides the ordinary expenses:—

For enlargement of the Montreal Court-House....	200,000 00
To encourage the construction of iron bridges in municipalities	25,000 00

To pay a portion of the cost of the exploration recommended by Legislative Assembly, June 14, 1886, in the counties of Dorchester, Levis, Bellechasse, Montmagny, Kamouraska, Temiscouata, Lotbinière, Mégantic, Arthabaska and Wolfe.....	\$ 10,000 00
For amount of the supplementary budget expenses in law courts	39,190 57
Considering that the latter sums amounted to two hundred and seventy-four thousand, one hundred and ninety-two dollars and fifty-seven cents.....	274,190 57
Forming, when added to the sum of three millions seven hundred and sixty-three thousand, four hundred and thirty-four dollars and thirty-two cents.....	3,763,434 32
A gross amount of four millions, thirty-seven thousand six hundred and twenty-four dollars and eighty-nine cents.....	<u>\$ 4,037,624 89</u>

Thus, according to the preamble of the law cited *verbatim*, Mr. Mercier pretended being obliged to face obligations very nearly equal to \$4,037,624.89, and that he was under the absolute necessity of borrowing at least \$3,500,000.

We are about to demolish this pretension of Mr. Mercier by proving in the first place that he had not these \$3,500,000 of obligations to meet soon :

Let us consider the preceding figures.

On January 21, 1887, the temporary loans and trust-funds amounted to \$729,227.67, of which \$500,000 were for temporary loans, and \$229,227.67 were for trust-funds.

Mr. Mercier and Mr. Shehyn, the Treasurer, knew perfectly well that the Government was not obliged to borrow in order to pay the trust funds, for these funds were composed, as they are still composed, of deposits, similar to those of the funds of depositors in pension banks, and the guaranteed deposits of public employees. The Government administers these funds. That which they pay,

during the year, is generally composed of fresh deposits. Thus, on June 30th, 1888, the trust fund deposits amounted to nearly \$200,000, which proves clearly that Mr. Mercier was not obliged to borrow to pay the trust funds on January 31st, 1887, as, in fact, he has not paid them.

The Government had borrowed temporarily from the Bank of Montreal the sum of \$500,000. The bank did not require the immediate re-payment of this loan. The Minister being in nowise pressed to provide for it, and not being required to pay it immediately, he borrowed from the same bank an additional sum of \$100,000 on April, 16th, 1887, \$300,000 on June 15th, 1887, and \$200,000 from the "Caisse d'Economie de Québec," on November 4th, 1887. Mr. Mercier and Mr. Shehyn could then; without the least inconvenience to the credit or administration of provincial affairs, have taken time to mature the grand financial measures which they announced in the speech from the throne at the opening of the session of 1887, and which they said were of a nature to provide an alternative instead of making a permanent loan.

We may then deduct from the amount of obligations which the Government pretended they were obliged to pay at very short notice, the amount of the temporary loans and trust funds, that is, \$729,227.67.

To induce the majority of the House to authorize him in making a permanent loan of \$3,500,000, Mr. Mercier had calculated in the list of obligations which he was obliged to meet very shortly, those of the balance for subsidies to certain railway companies granted before the year 1886, \$579,732.25, and land grants converted into money, \$1,548,428.50, or a total of \$2,128,160.75. This calculation was audaciously exaggerated for the sole object of deceiving the House with regard

to the gravity of the financial situation, favorable enough, however, up to this period, and in order to wrest from them the more easily authority to borrow the \$3,500,000. In the first place, Mr. Mercier and Mr. Shehyn knew very well that a considerable portion, at least 25 per cent., of these \$2,128,160, would not be due before several years, because these subsidies are only payable in the proportion and in accordance with the progress of work on the subsidized roads. There was then no immediate, nor for some time would there be, any pressing necessity to borrow for these subsidies, of which the payment was not absolutely required, and had not been demanded. The Government has no possible excuse, for they were well aware of the fact.

Further, in the \$1,548,428.50 for subsidies of lands converted into money, was counted the sum of \$464,100 for the subsidies to be converted. But Mr. Mercier was not at all obliged to make this conversion. After the law of 1886, the conversion of landed concessions into cash subsidies was not obligatory, but simply quite optional, at the discretion of the Government.

The previous Government had considered it to be in the interest of the public to make the conversion of a part of these landed concessions in cash subsidies to the amount of \$1,084,328.50. If Mr. Mercier did not consider it an advisable policy, he was not at all obliged to continue it. If, on the contrary, he approved and continued it, he should have had the courage and have taken the responsibility of doing so, and not have committed the odious injustice of throwing this responsibility on his predecessors. If he did not intend to continue it he would not have been obliged to borrow these \$464,100 which he counted in the preamble to the law for the loan. If he continued it, he could not pretend that he was

obliged to borrow this sum because this was an obligation which his predecessors had left him.

In the spring of 1887, it would have been easy for Mr. Mercier to foresee that up to March, 1889, his Government would not have had more than \$1,000,000 for subsidies to railway companies voted before his coming into power. And to pay this amount, he had nearly two long years, that is, quite time enough in which to mature and adopt the necessary financial measures, which he had declared in the speech from the throne in 1887, could have avoided the necessity of borrowing the \$3,500,000. This is not what Mr. Mercier has done. He had audaciously increased the amount of the obligations to be met in the near future, and he pretended that he required at once at least \$2,128,100.75 for the railway companies.

The Government were deceived, or they deceived the House; more than three years have since elapsed, and there still remains at least a million on these old subsidies yet to be paid.

Instead of these \$64,070 which Mr. Mercier pretended to be obliged to pay without delay for the balance due for lands and other debts in connection with the North Shore Railway, the Government has only had to pay \$18,000 from April 1, 1887, to June 30, 1888; or a difference of at least \$46,070 yet to be deducted.

Mr. Mercier and Mr. Shehyn had counted \$16,196.78 for warrants unpaid, \$370,842.06 for the deficit as provided in 1886-87, and \$39,190.58 for the supplementary budget of the same year 1886-87. The Government did not in the least scruple to increase these figures without sufficient grounds, since they counted a second time the \$16,196.78 for unpaid warrants and the \$39,190.57 of the supplementary budget, amounts which had clearly been previously included in that of \$370,842.06 of the pretended deficit of the year.

The Mercier Government is solely responsible for the deficit of the year 1886-87, which Mr. Shehyn has calculated at \$323,231.16 in table E of the Public Accounts 1887-88. They are responsible for it, because from their entrance into power they have plunged into extravagances ever since continued with the greatest recklessness. They are responsible for it also, inasmuch as during the same period they have neglected the consideration and appreciation of the provincial revenues.

If, since his coming into power, Mr. Mercier had administered the provincial affairs with prudence and economy; if he had energetically and intelligently appreciated the public revenue, he could easily have maintained an equilibrium in financial operations for the year 1886-87. His Government is solely responsible for the deficit of 1886-87.

There should also be deducted the \$200,000 to enlarge Montreal Court House. When Mr. Mercier counted this sum as an obligation nearly due, he knew that the works for enlarging the Montreal Court House were still only in contemplation. He knew very well that a considerable time must elapse before they could be undertaken. The fact is that two long years and a half have since passed away, and the works for enlargement of Montreal Court House have not yet commenced, and they are not likely to be for some time yet. It is quite evident that it was not necessary, in May, 1887, to authorize a permanent loan for these works.

The \$25,000 for iron bridges, and the \$10,000 for explorations in the counties of Dorchester, Levis, Bellechasse, Montmagny, are expenses which should have been paid by means of ordinary revenues, and not defrayed by the proceeds of a loan. They should also be deducted from list of obligations which, according to Mr. Mercier, forced the Government to borrow.

The Opposition has disapproved of the borrowing.

The loyal Opposition of the Quebec House have done all in their power to prevent Mr. Mercier from borrowing these \$3,500,000. They have proved to the Minister and his partisans that a permanent loan could be avoided; that it was not necessary. They have shown that Mr. Mercier and Mr. Shehyn had enormously and designedly exaggerated the extent of obligations which the Government would have had soon to meet, and this with the object of preventing the House from giving an authority which it would not have given if the Minister had presented a true statement of the provincial affairs. The Government was unable to reply to the criticism of the Opposition. They demanded a blind party vote from their followers, who forgot the public interest in supporting the Minister in this political borrowing, which their duty commanded them to oppose.

Mr. Desjardins, member for Montmorency, summarized the views of the Opposition on the subject of a loan in the following amendment, which he proposed to Mr. Shehyn's motion, on May 12, 1887 :—

“That the present resolutions be not read a second time at present, but :—

“Considering that the temporary loans can be renewed, and that it is easy to borrow temporarily any sums which may be required to meet the obligations of the Province which are chargeable to capital;

“Considering that the subsidies to be paid to railway companies, not only in the conversion of land grants into capital, but also for subsidies previously authorized, are neither earned nor due, for the most part, before several years;

“Considering that on March 31, 1887, the Government had a credit balance of \$335,651.64, and that there was further due to them a sum of more than two millions of dollars;

"Considering that it is the duty of the Government to collect as far as possible that which is due them, to meet obligations contracted with railway companies who fulfil conditions entitling them to authorized subsidies, and to pay other expenses chargeable to capital;

"Considering that a permanent loan of \$3,500,000 would impose on the Province the expense of \$140,000 annually for interest on this loan;

"Considering that it would be contrary to the interests of the Province to impose on it this obligation of \$140,000, whilst sums amounting to over \$2,000,000 are due to the Government;

"Considering that of the sum of \$600,000, received on account of the price of the sale of the Quebec, Montreal, Ottawa, and Occidental Railway, \$205,000.00 are on deposit in several banks at a rate of four per cent interest, and considering that it is uncertain that the Government can continue to receive five per cent from the sum of \$113,500.00 deposited in other banks, it would be in the public interest to amend chap. 21-45 Vict. in order to authorize the employment of \$600,000 received on account of the price of sale of the North Shore Railway in paying subsidies becoming due to railway companies;

"Considering that the Government has declared in the speech from the throne that they desired to hold a convention of representatives from the Provinces, with the object of obtaining an additional subsidy from the Federal Government;

"Considering that the Government has declared in the speech from the throne that they had no other alternative than to make a new loan, because they had not had time to mature any suitable project to raise the funds necessary for present eventualities; and

"Considering that it would be in the public interest that the Government should mature some suitable project to provide these resources rather than to contract immediately a new permanent loan;

"That for all the reasons above mentioned, it be

"RESOLVED, that this House does not consider it expedient at present to authorize the issue of Provincial debentures to the amount of three and a half millions of dollars."

The amendment was put to the vote. The members of the Opposition voted in the public interest and against the loan, but the partisans of the Minister refused to listen to the voice of duty, and they voted for the loan which the Ministry did not require.

The following is the vote:—

For the amendment of Mr. Desjardins and against the loan :

Messrs. Baldwin, Beauchamp, Blanchet, Caron, Casgrain, Charlebois, Cormier, Desjardins, Dorais, Duplessis, Faucher de St. Maurice, Flynn, Hall, Johnson, Lapointe, Leblanc, Lynch, Martin (of Bonaventure), McIntosh, Nantel, Owens, Picard, Poupore, Spencer and Taillon.—25

Against the amendment and for the loan :

Messrs. Basinet, Bernatchez, Bisson, Bourbonnais, Boyer, Cameron, Cardin, Déchéne (of L'Islet), Duhamel, Forest, Gagnon, Girouard, Gladu, Laliberté, Lareau, Larochelle, Lemieux, Lussier, Martin (of Rimouski), McShane, Mercier, Morin, Murphy, Pilon, Rinfret, Robidoux, Rocheleau, Shehyn, Sylvestre, Tessier, Trudel and Turcotte.—32.

(See pages 250 and 251 of the Journals of Legislative Assembly, session of 1887.)

Having thus obtained from a majority forgetful of the public interest, authority to borrow \$3,500,000, the Ministry of Mr. Mercier, which imagined that this sum would be inexhaustible, plunged into a series of extravagancies which ruined the province.

The ill-advised negotiations for the loan.

The session of 1887 was no sooner terminated, than the predictions of the Opposition were verified, so to speak, to the very latter.

The Privy Council, in England, contributing to the interests of the province in the affairs of commercial corporations, assured to the Government the arrears of taxes from these corporations, and a revenue from this source for the years 1887-88 and 1888-89 of a sum amounting to

about \$700,000. The Government of Ontario paid to our province \$100,000, the amount which it owed to it from the common school fund. The city of Montreal settled its account with the province by paying \$125,000. This made nearly a million of dollars extra receipts which Mr. Mercier used in the payment of obligations on account of capital. A Government which would have had at heart a desire to serve the best interests of the province would have renounced the idea of borrowing, when they were placed in possession of such considerable resources. This was not what Mr. Mercier did. He persisted in borrowing the \$3,500,000. Early in the summer of 1887, he commenced negotiations for the loan. These negotiations have been a disgrace to the province, to which it has caused a loss of at least \$175,000.

The Government had at first negotiated the loan in New York, at 94 per cent, in debentures at 3½. Before signing the contract, the Government did not even exact guarantees that those with whom they were negotiating were able to fulfil their obligations. The New York syndicate was represented by a Mr. Nelson. He was unable to fulfil the contract. Mr. Coudert, a New York lawyer, consulted by the Government as to the claim they had against Mr. Nelson, replied as follows :

"However, this is a question of expediency rather than of claim whether it would be advisable to enter an action against him under the circumstances.

"From information which has been given us, it is not probable that Mr. Nelson is a man of considerable financial responsibility, and a judgment obtained against him would, I fear, result in a profitless victory."

If wishing to understand more definitely the standing of the man with whom the Mercier Government had negotiated such an important matter as that of a loan

for \$3,500,000, one has only to read the following despatch:

NEW YORK, November 21, 1887.

JOSEPH SHEHYN, Quebec.

The man about whom you are enquiring is actually, we think, worth \$100,000. His assets are composed moreover of investments in unstable enterprises. He was formerly in the liquor business, and became bankrupt. Antecedents unsatisfactory, not known among the principal class of bankers.

(Signed) WATSON & LANG.

Mr. Shehyn should have made his enquiries in advance before committing the mistake of negotiating the loan with one who had failed in the liquor business, whose antecedents were unsatisfactory, and who was unknown among first-class bankers.

The Contract with the "Crédit Lyonnais."

The loan in New York having definitely failed, they were obliged to address others. They hastily concluded the transaction with the "Crédit Lyonnais." This time, at all events, they were treating with responsible parties, quite capable of fulfilling the obligations which they contracted. But the directors of this institution were aware of the New York fiasco. They knew that the Government had been disappointed, were in a very difficult strait, and would hail as saviours those who would come to the rescue. And they profited by it in obtaining from the Government conditions more advantageous to the shareholders of the "Crédit Lyonnais." Whatever Mr. Shehyn may have said against the system of giving bonds to the highest bidder, the Minister should not have sold the obligations of the province at the price fixed by the "Crédit Lyonnais." He should rather, on the contrary, have placed these bonds upon the market, at a

fixed minimum, which might easily have been made at 99, thus reserving to the province the opportunity of profiting by the competition of those who seek a first-class investment, at a rate of interest relatively raised for these to four per cent.

Mr. Shehyn has made elaborate calculations to prove that his loan has been made on better terms than those preceding it. This comparison is entirely unfounded. The results of these operations cannot properly be compared without also comparing the situation at the different periods at which they were made. There is a very great difference in the general condition of public credit to-day and in 1874, the year of our first Provincial loan. Then the Government with difficulty obtained 90 per cent. for its bonds at 4 per cent. interest. In 1888, there was negotiated a loan of 95½ at 3 per cent.; this was a high average of 30 per cent. of our federal credit since 1874. The prolific political progress of Conservative Governments since Confederation at Quebec, as at Ottawa, had well developed our Provincial credit by confidence in our future which it had inspired in capitalists in search of safe and profitable investments. It is, thanks to this intelligent and patriotic policy, that the present Government has been able to negotiate with the "Crédit Lyonnais" on the conditions made, and which are nevertheless not the best which might have been made under the circumstances, in the situation, at that period, of our public credit and that of the money market. Mr. Shehyn should have been able to understand that the true question for consideration was if he had really made the transaction the most advantageous then possible. As to the proposals which had been made to it having been more favorable than those obtained in 1874, 1876, 1878, etc., it does not follow that it was justifiable to make a contract upon conditions that caused

a considerable loss to the Province, to the advantage of those with whom it negotiated.

After having shown all the clumsiness of the Ministry of Mr. Mercier in the negotiations for the loan, Mr. Desjardins proposed to the House to censure the Government as they merited, by the following amendment to the motion of Mr. Shehyn for the formation of a committee of supplies:—

“That all the words after ‘That’ be erased, and the following substituted:

“This House is prepared to vote Her Majesty the subsidies, but it regrets, that after having succeeded in the cause against the commercial corporations by the judgment of a Privy Council, which assured the Government a receipt of, at least, \$700,000.00; after having received a \$100,000.00 from Ontario and \$125,000.00 from the City of Montreal, these three sums forming a total of nine hundred and twenty-five thousand dollars, the Government persisted in making, without necessity, a loan of three million and a half dollars;

“That this House also regrets, that this Government has conducted in an injurious and deplorable manner to the credit of the Province, the negotiations for the loan which they attempted, but, without success, to make in the New York market, last year;

“That this House further regrets that the Government has caused a loss to the Province of a sum of not less than \$175,000, in selling the bonds of the said loan at a fixed price, instead of placing them on the market and fixing the minimum price of issue, and offering them to public competition.”

The following is the vote:

For the amendment of Mr. Desjardins:

Messrs. Baldwin, Beauchamp, Blanchet, Casgrain, Deschênes (Témiscouata), Desjardins, Duplessis, Faucher de St. Maurice, Flynn, Hall, Lapointe, McIntosh, Nantel, Owens, Poupore, Spencer and Taillon—17.

Against the amendment:

Messrs. Basinet, Bernatchez, Bisson, Bourbonnais, Cardin, Champagne, David, Déchène (L'Islet), De Grosbois, Duhamel,

Forest, Gagnon, Girouard, Gladu, Goyette, Lafontaine, Larochelle, Lemieux, Legris, Lussier, Martin (Rimouski), McShane, Mercier, Morin, Pilon, Rinfret, Robidoux, Rocheleau, Rochon, Shehyn, Sylvestre, Tessier, Trudel, Turcotte—34.

(See pages 226 and 227 of the Journals of the Legislative Assembly, of 1888.)

It now remains for the people of the Province to demand of the partisans of the Ministry a strict account of their vote against this amendment.

How the Loan of \$3,500,000 has been Employed.

Mr. Mercier had pretended, in 1887, that he was obliged to borrow \$3,500,000 to pay the obligations contracted by his predecessors. We have shown that this was a false pretension. Mr. Mercier himself gave a certain proof of it, when he asked of the House at the session of 1888, only a few weeks after he had succeeded in negotiating the loan, to vote new subsidies to railways amounting to more than \$3,000,000.

After having so long contested the policy of subsidies to railways, Mr. Mercier stultified himself in adopting it. On his part it was a new and flagrant contradiction. But he was also very blameable for having obtained from the House authorization to borrow, under the pretext that it was to pay old obligations, when he had decided to have several million dollars voted for new subsidies to railways. On 30th June, 1889, more than **one million** had been paid for the subsidies for which the Ministry of Mr. Mercier is alone responsible.

Mr. Mercier had estimated, in the law for the loan, that he required \$427,937 to pay for the whole of the balance of cost of the Legislative buildings and of the Court House at Quebec. These costs have been increased in a scandalous manner by the Mercier Government, and from 1st April, 1887, to 31st December, 1888, he had dis-

bursed for these buildings the sum of \$825,317, that is to say, very nearly \$400,000 more than the amount mentioned as necessary in the law for the loan.

The deficits and extravagant augmentations in the expenses of the Mercier Government have absorbed a great part of the loan of \$3,500,000, and after the end of the month of February, 1889, there remained not a cent of it.

In reply to an order of the House, of date 6th February, 1889, it appears that, at that date, the Mercier Government had paid but \$2,268,874.70 on the obligations that should have been met by means of the loan. And in the same month of February, 1889, the loan of \$3,500,000 was already exhausted. This proves that the Mercier Government had expended

One million two hundred thousand dollars

and more for other purposes than those authorized by the law.

A Forced Loan.

The Mercier Government expended the loan of \$3,500,000 in less than two years. They were without a cent, and obliged, owing to their extravagances, to borrow anew. This is how they undertook to avoid asking the House for authority to issue new debentures.

Three railways had deposited with the Government the following amounts to guarantee the interest on debentures which they had placed on the market:

The Témiscouata Railway.....	\$ 644,573 45
The Montreal and Lake Maskinongé Railway....	32,703 00
The Quebec and Lake St. John Railway.....	1,552,394 00
Amount.....	<u>\$2,229,670 45</u>

Wishing to know the obligations that the Mercier

Government had contracted in this affair of the deposits of the railway companies, Mr. Desjardins put the following questions, 25th February, 1889 :

1. At what dates did the *Témiscouata*, *Montreal* and *Lake Maskinongé*, and the *Quebec* and *Lake St. John* Railways make the deposits mentioned on page 8 of Receipts and Payments of the Province, from 1st July to 31st December, 1888?

2. What interest does the Government pay on these deposits?

3. What is the amount of the debentures of each of these companies of which the Government has guaranteed and would guarantee the annual interest?

4. What will be the duration of the guarantee of interest on the debentures of each of these companies?

5. What is the rate of interest on these debentures?

6. What sum must the Government pay annually for interest on the debentures of these companies?

The reply by Hon. Mr. Shehyn.—

1. <i>Temiscouata</i>	August	11th, 1888
<i>Montreal</i> and <i>Lake Maskinongé</i>	September	12th, 1888
<i>Quebec</i> and <i>Lake St. John</i>	July	9th, 1888

2. Four per cent.

3. <i>Temiscouata</i>	£324,000 stg.	\$1,576,800
<i>Montreal</i> and <i>Lake Maskinongé</i>		\$100,000
<i>Quebec</i> and <i>Lake St. John</i>	£780,000 stg.	\$3,796,000

4. <i>Temiscouata</i>	Ten	years
<i>Montreal</i> and <i>Lake Maskinongé</i>	Seven	"
<i>Quebec</i> and <i>Lake St. John</i>	Ten	"

5. Five per cent.

6. <i>Temiscouata</i>	\$73,840
<i>Montreal</i> and <i>Lake Maskinongé</i>	\$5,000
<i>Quebec</i> and <i>Lake St. John</i>	\$189,000

We see by this reply of Mr. Shehyn to the interpellation of Mr. Desjardins that the Government had engaged

itself to pay interest at five per cent. on \$5,472,800 of debentures, that is to say, that it engaged itself to pay \$273,640 per annum during seven years, and \$268,640 per annum during three more years.

The Government, in less than two years, had expended the whole of the deposits of the companies, and remains with the obligation to pay the interest on their debentures. That is to say, that the Mercier Government had made a new loan, that may be considered a forced loan, of \$2,229,670.

The Mercier Government had expended the \$3,500,000 loan.

They are just completing the expending of the \$2,229,000 of deposits of the railway companies.

They have expended the \$800,000 which they received from the commercial corporations since the judgment of the Privy Council.

They have expended the \$100,000 which they received from the Province of Ontario.

They have expended the \$125,000 which they received from the City of Montreal.

They have expended the \$700,000 additional, which they received from the Crown Lands.

They have expended the \$200,000 additional, which they received from licenses.

And they are again without a cent, and are obliged to borrow anew. This Mercier Government is a veritable devouring whirlpool. It is in course of rapidly ruining the Province if the electors do not stop it.

The augmentation of taxes.

When in opposition, Mr. Mercier and his partisans voted against the tax on commercial corporations.

Once attaining power, Mr. Mercier maintained these

taxes, and made the commercial corporations pay taxes amounting to over \$800,000.

Mr. Mercier has augmented licenses twenty-five per cent., more than ten dollars per license, but he was not willing to pass a law in favor of temperance.

Mr. Mercier has increased, by \$150,000 per annum, the timber licenses and the ground rent on timber limits.

Notwithstanding these new taxes, the Mercier Government is in a deficit every year, because they have increased the expenses in a most extravagant manner.

Another loan necessary.

The extravagances of the Government has compelled it to make a new loan of several millions of dollars. When Mr. Mercier borrowed the \$3,500,000, in 1887-88, he said that it was to pay the floating debt. Nevertheless, the floating debt is much greater to-day than it was at that period, since it is **six millions of dollars** in round numbers. And the Government has not a cent to redeem the floating debt.

The duty of the Opposition, at the last session, was to require that the Government should tell the House and the Province how it proposed to obtain the money to pay the obligations of the floating debt in proportion as it became due. This is what Mr. Desjardins did, in the name of the Opposition, by the following amendment that he proposed to the motion for forming the House into Committee of Supplies, at the sitting of 26th March, 1890 :

Mr. Desjardins moved, as an amendment :

“ That all the words after ‘ That ’ be erased, and the following substituted :

“ This House is prepared to vote Her Majesty the subsidies required for the public service, but, seeing that the Government has inserted in the general and supple-

mentary budget of the year 1889-90, expenses chargeable to capital, amounting to \$1,214,000.00;

"Seeing that on 31th December, 1889, there still remained \$782,000.00 to pay on this amount;

"Seeing that the Government inserted in the general budget of 1890-91, expenses chargeable to capital, amounting to \$1,452,000.00;

"Seeing that from now to 30th June, 1891, the Government will have, in addition, to disburse about \$500,000 00 for interest, which they have guaranteed on the debentures of certain railway companies, for the Protestant minority portion, in the arrangement of the affairs of the properties of the Jesuits and other obligations;

"Seeing that these various sums amount to \$2,734,000.00;

"Seeing that the floating debt, comprising the above mentioned sum, amounts to more than \$5,750,000.00;

"Seeing that on 31st December, 1889, the Government had, to meet these obligations, only the balance of the deposits of the railway companies, namely: \$676,955.00, less \$42,225.00 of unpaid demands at that date;

"Seeing, that the Government has no necessary resources to meet the expenses, chargeable to capital, from now to 30th June, 1891;

"This House believes, that its duty is, to insist that the Government should inform it of the means which they intend to take for procuring these resources."

The following is the vote:

YEAS.—Messrs. Baldwin, Beauchamp, Blanchet, Casgrain, Desjardins, Duplessis, England, Faucher de St. Maurice, Flynn, Lapointe, Leblanc, Martin, McIntosh, Nantel, Owens, Picard, Spencer, Taillon, and Tourigny—19.

NAYS.—Messrs. Basinet, Bernatchez, Bisson, Bourbonnais, Boyer, Cardin, Champagne, Déchène (l'Islet), DeGrosbois, Dostaler, Dumais, Duhamel, Forest, Gagnon, Gladu, Goyette, Laliberté, Legris, Lussier, Mercier Morin, Murphy, Pelletier, Pilon, Rinfret, Robidoux, Rocheleau, Shehyn, Tessier (Port-neuf), Tessier (Rimouski), Trudel, and Turcotte—32.

(See pages 607 and 608 of Procès Verbaux of Legislative Assembly, session of 1890.)

The Mercier Government therefore refused to tell the House how it would procure the money to pay the debts

which it had contracted. Why did it refuse? Because it was afraid to avow before the general elections that it is still obliged to borrow.

The Conversion of the Debt.

The Mercier Government has compromised the public honor of the Province of Quebec, by its project for the forced conversion of the debt. On 10th July, 1888, they submitted to the House resolutions concerning this conversion of the debt. The fifth of these resolutions reads as follows :

“Resolved, 5.—That it will be permissible, to the Lieutenant Governor in Council, to fix and determine the delay during which the holders of actual obligations will be able to exchange them for new bonds or claim their re-imbursement in cash, and to decree that after this delay, interest will accrue for all classes of bonds at the rate fixed for the new obligations.”

(See page 399 of the Journals of the Legislative Assembly of Quebec, 1888.)

By this clause the Mercier Government was authorized to repudiate the engagements which the Province had contracted with their creditors. This was an odious policy, and derogatory to the honor of the Province. The holders of provincial debentures had the right to an interest of five per cent up to the time that these debentures became due. Mr. Mercier caused to be passed a law, by which he pretended to oblige these holders to exchange these debentures of five per cent for debentures of four per cent, or else, to accept their payment in cash, that is to say, the payment of the face value of these debentures. If the creditors refused either one or the other of these alternatives, Mr. Mercier wished, by the same law, to reduce, from five to four per cent, the interest on

provincial debentures, and thus to cause a loss of one per cent interest to the holders.

The Opposition showed that this was an iniquitous measure, which would, for ever, remain a stain on the public honor. The attempt to put such a law into practice would have ruined the credit of the Province.

Mr. Mercier, persisting in maintaining the above named clause, the Opposition performed its duty in opposing the resolution for the forced conversion of the debt.

The following is the vote :—

For the Resolutions :—

Messrs. Bernatchez, Bisson, Bourbonnais, Cameron, Cardin, Campagne, David, Déchène (l'Islet), Dumais, Faucher de Saint-Maurice, Forest, Gagnon, Gladu, Goyette, Lafontaine, Laliberté, Larochelle, Lemieux, Legris, Lussier, Mercier, Morin, Pilon, Rinfret, Rocheleau, Shehyn, Sylvestre, Tessier, Trudel and Turcotte.

Against the Resolutions :—

Messrs.—Baldwin, Beauchamp, Casgrain, Desjardins, Flynn, Hall, Lapointe, Leblanc, McIntosh, Owens, Spencer and Taillon.

(See page 403, of the Journals of the Legislative Assembly of 1888.)

This iniquitous law provoked the severest and most just criticism in Canada and in England. The Federal authorities caused Mr. Mercier to understand that if he maintained clause five of the law, authorizing the forced conversion of the debt, there would be a good reason for its veto. It was only then that Mr. Mercier withdrew. At the session of 1889, he amended the law in abrogating the famous fifth clause.

The Mercier Government can make no other than an optional conversion. That is to say, that he must accept the conditions of the creditors of the Province. There can be no actual profits made in a similar transaction. It cannot obtain a slight immediate advantage, without making far greater sacrifices for the future. It

is in the interest of the Province that the project for the conversion of the debt should be abandoned.

Messrs. Shehyn and Garneau went to Europe, last year, on the subject of conversion of the debt. They did not succeed in their mission, but the following shows what their voyage cost the Province:—

At the sitting of 19th March, 1890, Mr. McIntosh, member for Compton, put the following question :

“What are the sums paid by the Government for the voyage to Europe of Messrs. Shehyn and Garneau, last autumn ?”

Reply of Hon. Mr. Shehyn:—

Amount of sums paid	\$4,441.93
Re-imbursements to deduct.....	373.28
Total.....	<u>4,068.65</u>

This voyage, therefore, cost the Province \$4,068.65.

This is so much lost money.

(See page 547 of Proces-Verbals of Legislative Assembly, Quebec, 1890.)